

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11 Case No.
: :
LEHMAN BROTHERS HOLDINGS INC., *et al.* : 08-13555 (JMP)
: :
Debtors. : (Jointly Administered)
: :
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**SECOND SUPPLEMENTAL DECLARATION OF P. ERIC SIEGERT IN SUPPORT
OF APPLICATION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR ORDER, UNDER 11 U.S.C. §§ 328(a) AND 1103, FED. R. BANKR.**

**P. 2014 AND 5002, AND S.D.N.Y. LBR 2014-1, AUTHORIZING RETENTION
AND EMPLOYMENT OF HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL, INC.**

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

P. ERIC SIEGERT, being duly sworn, says:

1. I am a Senior Managing Director of the firm of Houlihan Lokey Howard & Zukin Capital, Inc. ("Houlihan"). I am duly authorized to make this Second Supplemental Declaration on behalf of Houlihan.

2. I submit this second supplement (the "Second Supplemental Declaration") to the original declaration (the "Declaration") that I submitted in support of the Application of the Official Committee of Unsecured Creditors (the "Committee") of Lehman Brothers Holdings, Inc. and its affiliated debtors and debtors in possession (collectively, the "Debtors," and together with their non-debtor affiliates, "Lehman"), for an order (the "Retention Order"), under 11 U.S.C. §§ 328(a) and 1103 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), Federal Rules of Bankruptcy Procedure 2014 and 5002, and Local Bankruptcy Rule 2014-1,

authorizing the employment and retention of Houlihan as investment bankers to the Committee (the “Application”). The Retention Order was entered on December 17, 2008.

3. Unless otherwise stated in this Second Supplemental Declaration, I have personal knowledge of the facts set forth herein and, if called as a witness, I would testify thereto.¹

Houlihan’s Connections with Parties in Interest

4. In the Declaration, I stated that Houlihan searched all current engagements for known relationships or interests with the Debtors and non-Debtor affiliates. A full list of identified ongoing Houlihan advisory engagements with some level of known involvement by the Debtors and/or affiliates of the Debtors was detailed on Exhibit C attached to the Declaration. On December 10, 2008, I submitted a supplemental declaration (the “First Supplemental Declaration”), identifying on Exhibit C1 attached thereto additional engagements with some level of involvement by the Debtors and/or their affiliates. Since the submission of the First Supplemental Declaration, I have become aware that Houlihan has been engaged to provide additional services unrelated to the Debtors’ Chapter 11 Cases for various entities with some level of known involvement with the Debtors and/or their affiliates. Exhibit “C2” attached hereto details such engagements.

5. Houlihan does not believe that the matters listed on Exhibit C2 create any material conflict with Houlihan’s role as advisor to the Committee. Moreover, in accordance with the engagement letter between the Committee and Houlihan dated September 17, 2008 (attached to the Application as Exhibit B), these matters have been

¹ Certain of the disclosures set forth herein relate to matters within the knowledge of other employees at Houlihan and are based on information provided by them.

disclosed to and discussed with the Committee and the Committee has given clearance to Houlihan to work on such matters. From time to time, and to the extent appropriate, Houlihan will "wall off" employees working on engagements with a Lehman-related relationship from either any information relating to the relevant engagement/Lehman interest received in the course of our representing the Committee or from all activities undertaken and information received by Houlihan in the Debtors' Chapter 11 Cases.

6. Houlihan is carrying on further inquiries of its professionals with respect to the matters contained herein. From time to time, Houlihan will undertake supplemental conflicts checks and file supplemental affidavits regarding its retention if any additional relevant information comes to its attention.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 23, 2008

/s/ P. Eric Siegert
P. Eric Siegert

Exhibit C2

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**Lehman Brothers Holdings Inc.
Current Houlihan Advisory Engagement with Lehman Involvement**

Client	Houlihan Role	Current Lehman Role
I. Project Y	Company Advisor	<p>Company Y is a portfolio company of Sponsor Y. Houlihan is advising both Sponsor Y and Company Y. To the best of Houlihan's knowledge, Lehman does not currently hold any Company Y loan inventory.</p> <p>It is our understanding that Lehman is a counter-party to 10 pre-petition open trades involving Company Y Tranche B term loans. The open trades net to zero exposure to Lehman. Lehman's gross buy amount is equal to approximately \$7.36 million and gross sell amount is equal to approximately \$7.36 million. The total Company Y Tranche B term loan facility is approximately \$749 million.</p>